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INFO RUCPDC/DEPT OF COMMERCE WASHDC  
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RUCNSAD/SOUTHERN AF DEVELOPMENT COMMUNITY COLLECTIVE  
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SUBJECT: KIMBERLEY PROCESS TACKLES ARTISANAL MINING

REF: A) PRETORIA 781  
B) 07 PRETORIA 3836

¶1. SUMMARY: The Kimberley Process (KP) for certifying rough diamond trade is recognized as broadly successful in combating conflict diamonds. In order to improve its control over alluvial diamond trade, particularly in Africa where this is prevalent, KP has sought to identify best practices for increasing government capacity to monitor, regulate, enforce, and protect alluvial mining and trade so that it is fully under the KP mantle. Artisanal miners are inherently difficult to organize, but the best prospect is for governments to implement identity schemes and worker cooperatives, which will also improve their ability to get a larger share of rough diamonds' value. KP's relevant workshop is validating expert reports in preparation for presenting recommendations at the November plenary. End Summary.

¶2. Minerals/Energy Officer attended day one of the September 15-16 Validation Workshop for the Artisanal Diamond Mining Project under the Kimberley Process (KP). The workshop took place at the Didimala Game Lodge north of Pretoria. The Kimberley Process has successfully implemented a certification scheme among almost 50 member countries to combat traffic in conflict diamonds (Ref B). The KP established the Working Group on Artisanal and Alluvial Production (WGAAP) to promote more effective internal controls on the production and trade of alluvial diamonds. The WGAAP aims to identify best practices for bringing small scale "diggers" into the formal sector in order to put in place stronger traceability and regulation of artisanal mining and trade. The Belgian Government and the Egmont - Royal Institute for International Relations have funded and implemented a special project to generate recommendations on artisanal mining to be presented at the KP Plenary in New Delhi in November 2008.

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How to Organize the Unorganizable  
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¶3. The Angolan Chair of the WGAAP opened the workshop by pointing out Africa's ample share of world-wide alluvial production. Moreover, war-torn, poor countries like Angola, the DRC, Sierra Leone, and Liberia exhibit large quantities of irregular artisanal miners. The validation workshop format provided for presentation of a number of papers for discussion that would inform subsequent

identification of recommendations and best practices. Experts identified and discussed special challenges associated with trans-border dynamics and deficient internal controls and transparency. Artisanal miners are subject to abuse from middle-men, dire poverty (sometimes scraping by on less than one dollar per day), deteriorating health, and socio-environmental problems and often exploit child.

14. Many experts identified promotion of government-supported cooperatives as the most viable solution. At the same time, many recognized that the diggers are by nature suspicious, evasive, and loathe to be organized. They work uncertain ground with uncertain status, they do not trust government, or they do not want to share the elusive hoped-for big find. Some of the expert findings crept into the issue of improving the situation and income of diggers as a means of increasing control and because it is the right thing to do.

Independent researcher Shawn Blore cited dramatically lower incomes in Africa compared to Latin America and questioned the magnitude of diamond trade mark-up in Dubai. De Beers representative Simon Gilbert pointed out that the diggers were in fact laborers with a limited stake in the diamonds in the ground. He acknowledged the need to improve the digger's situation, but pointed out the layers and complexity in diamond mining, valuation, and trade. There was consensus that the government had primary obligation for assuring that artisanal miners get a reasonable share and situation, in conjunction with implementing effective controls on mining and trade. A minimal first step would be government regulation involving issuance of identification cards.

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We Still Need Kimberley and Zero-Tolerance

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15. The discussion expanded to more fundamental existential issues for KP. The De Beers representative asked if KP could ever accept or tolerate the fact that any country's certified diamonds will never represent 100 percent provenance from that country. Diamond Development Initiative Executive Director Dorthée Gizenga and Working Group of Diamond Experts Mark Van Bockstael asserted that KP could never willingly accept such an abuse to the system and stressed that there must be zero tolerance for mis-application of the procedures and controls. Even if an individual government is not able to provide 100 percent assurance, the KP statistics and process would raise a red flag of concern and deterrence. South African Diamond and Precious Metals Regulator CEO Luis Selekane and Chatham House Director Alex Vines made strong interventions on the importance of maintaining and expanding the KP. Bockstael cited recent seizures in Belgium and Mali (although not a KP participant) as prime examples of the success and criticality of KP. Bockstael said KP participants should convince their governments to share more information on actual convictions for illicit diamond trade.

16. COMMENT: Workshop participants recognized the inherent challenge of controlling the uncontrollable. Much of the discussion sounded like it had been said before. Artisanal mining in countries experiencing capacity shortfalls in governance, transparency, and resources will always be difficult to monitor and regulate. Nevertheless, KP and its Working Group on Alluvial and Artisanal Production need to gain greater control over this key contributor to diamond trade, and address socio-economic challenges faced by the small-scale miners. De Beers appears to be an active advocate and participant in the KP process, as noted in previous meetings (Refs).

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